

**CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana**

Financial Report

Year Ended June 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Elvin Fontenot, City Judge  
City Court of Leesville, Louisiana  
(Vernon Parish Ward One Court)  
Leesville, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of Leesville, Louisiana (City Court) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City Court's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of Leesville, Louisiana, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, the schedule of employer's share of net pension liability, and the schedule of employer contributions on pages 31 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report December 18, 2019, on our consideration of the City Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City Court's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
December 19, 2019

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Statement of Net Position  
June 30, 2019

ASSETS

Cash	\$ 9,426
Capital assets, net	<u>331</u>
Total assets	<u>9,757</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources related to pensions	<u>18,905</u>
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LIABILITIES

Accounts and other payables	13,334
Net pension liability	<u>66,017</u>
Total liabilities	<u>79,351</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	<u>6,500</u>
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NET POSITION

Net investment in capital assets	331
Unrestricted	<u>(57,520)</u>
Total net position	<u><u>\$(57,189)</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Statement of Activities  
For the Year Ended June 30, 2019

Judiciary:	
Professional fees	\$ 17,409
Depreciation	85
Dues and seminars	1,561
Miscellaneous	16,356
Office supplies	7,048
Payroll taxes	15,032
Postage	1,501
Repairs and maintenance	5,720
Retirement	20,987
Salaries	221,366
Telephone	4,489
Uniforms	<u>2,110</u>
Total expenses	313,664
Program revenues:	
Court costs and fees	<u>322,200</u>
Change in net position	8,536
Net position - July 1, 2018	<u>(65,725)</u>
Net position - June 30, 2019	<u>\$ (57,189)</u>

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUND DESCRIPTION**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Balance Sheet - Governmental Fund  
General Fund  
June 30, 2019

ASSETS

Cash	<u>\$ 9,426</u>
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LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts and other payables	\$ 13,334
Fund balance:	
Unassigned	<u>(3,908)</u>
Total liabilities and fund balance	<u>\$ 9,426</u>

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
June 30, 2019

Total fund balance for the governmental fund at June 30, 2019	\$ (3,908)
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Equipment, net of \$120,567 accumulated depreciation	331
The deferred outflows of contributions to the retirement system are not a use of current resources, and therefore, are not reported in the fund.	
	18,905
Some liabilities are not due and payable from current financial resources and are, therefore not reported in the funds. These liabilities consist of the following:	
Net pension liability	(66,017)
The deferred inflows of contributions to the retirement system are not payable from available resources and, therefore are not reported in the fund.	
	<u>(6,500)</u>
Total net position of governmental activities at June 30, 2019	<u>\$ (57,189)</u>

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
General Fund  
For the Year Ended June 30, 2019

Revenues:	
Court costs and fees	<u>\$ 322,200</u>
Expenditures:	
Current -	
Professional fees	17,409
Dues and seminars	1,561
Miscellaneous	16,356
Office supplies	7,048
Payroll taxes	15,032
Postage	1,501
Repairs & maintenance	5,720
Retirement	16,708
Salaries	221,366
Telephone	4,489
Uniforms	<u>2,110</u>
Total expenditures	<u>309,300</u>
Net change in fund balance	12,900
Fund balance (deficit), beginning	<u>(16,808)</u>
Fund balance (deficit), ending	<u>\$ (3,908)</u>

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
For the Year Ended June 30, 2019

Net change in fund balance for the year ended June 30, 2019 per the statement of revenues, expenditures and changes in fund balance	\$ 12,900
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense for the year ended June 30, 2019	(85)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental fund.	
Net pension liability	<u>(4,279)</u>
Total change in net position for the year ended June 30, 2019 per the statement of activities	<u>\$ 8,536</u>

The accompanying notes are an integral part of the basic financial statements.

## **FUND DESCRIPTIONS**

### **FIDUCIARY FUNDS - AGENCY FUNDS**

An agency fund is used to account for assets held by the City Court in a trustee capacity or as an agent for individuals, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

#### **Civil Fund -**

The Civil Fund is used to account for advanced court costs on suits filed by litigants which are accounted for on the computer system. The advances are refundable to the litigants after all costs have been paid.

#### **Traffic Fund -**

The Traffic Fund is used to account for funds received from traffic violations and distributes the funds to various government agencies which receive a designated portion of each traffic ticket.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Statement of Fiduciary Assets and Liabilities - Agency Funds  
June 30, 2019

ASSETS

Cash	<u>\$ 16,898</u>
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LIABILITIES

Due to others	<u>\$ 16,898</u>
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The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the City Court of Leesville, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The City Court of Leesville, Louisiana (City Court) was created under Louisiana Revised Statute 13:2485 as a political subdivision of the State of Louisiana. The City Court's territorial jurisdiction extends throughout Ward one of Vernon Parish in which the City of Leesville is located. The Court operates under the control of the City Judge, an elected official serving a term of six years.

This report includes all funds which are controlled by, or dependent on the City Court Judge. Control by or dependence on the City Court of Leesville, Louisiana was determined on the basis of general oversight responsibility. The City Court of Leesville, Louisiana (City Court) is fiscally dependent on the City of Leesville since the City Court offices and Courtroom are located in City Hall, the upkeep and maintenance of City Hall is paid by the City of Leesville, and certain operating expenditures of the City Court are paid by the City of Leesville.

As an independently elected official, the City Court Judge is solely responsible for the operations of his office, which includes the hiring or retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the City Court as an economic unit. The government-wide financial statements report the City Court's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and business-type activities of the City Court. The City Court does not have any business-type activities. Fiduciary funds are omitted from the government-wide financial statements.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods and services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

Fund Financial Statements (FFS)

The accounts of the City Court are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the City Court are classified as governmental and fiduciary. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the City Court. A fund is also considered major if it is the primary operating fund of the City Court. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The City Court uses the following funds, grouped by fund type.

Governmental Fund –

Governmental Funds are those through which most governmental functions of the City Court are financed. The acquisition, use, and balances of the City Court's expendable financial resources and the related liabilities are accounted for through governmental funds.

General Fund

The General Fund is the general operating fund of the City Court. It is used to account for all financial resources except those required to be accounted for in the Fiduciary Funds and appropriations by other governmental bodies on behalf of the City Court.

The Parish of Vernon and the City of Leesville maintain individual accounting records for City Court expenditures financed by their individual appropriations and report such expenditures in their respective financial statements.

Fiduciary Funds –

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of other funds within the City Court. The funds accounted for in this category by the City Court are agency funds. The agency funds of the City Court are as follows:

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

Civil Fund – accounts for advanced court costs on suits filed by litigants.

Traffic Fund – accounts for funds received from traffic violations.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows

Governmental fund financial statements use the current financial resources measurement focus. The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income.

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the City Court considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City Court accrues intergovernmental revenue based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. However, debt service expenditures are recorded only when payment is due.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City Court, which are stated at cost.

Receivables

Receivables consist of all revenues earned at year-end and not yet received.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The City Court maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Furniture, fixtures and equipment	5-10 years
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In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City Court has only one item that qualifies for reporting in this category, the deferred outflow of resources attributable to its pension plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City Court has only one item that qualifies for reporting in this category, the deferred inflow of resources attributable to its pension plan.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, and contributors, laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the City Court's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the City Court is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed through a formal decision of the Judge. The Judge is the highest level of decision-making authority for the City Court's office.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

- d. Assigned includes fund balance amounts that are constrained by the Judge's intent to be used for specific purposes that are neither restricted nor committed. The assignment of fund balance is authorized by a directive of the Court Clerk and approved by the Judge.
- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the City Court considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City Court considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Court has provided otherwise in its commitment or assignment actions.

E. Revenues, Expenditures, and Expenses

Revenues

The City Court considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The City Court generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The City Court's major revenue source that meets this criterion is intergovernmental revenue.

There is one classification of programmatic revenues for the City Court - program revenue. Program revenues are derived directly from the program itself or from parties outside the City Court's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the City Court's general revenues. The primary sources of program revenue are court costs received, intergovernmental revenues, and probation income.

Substantially all other revenues are recorded when received.

Operating Revenues and Expenses

Operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

CITY COURT OF LEESVILLE, LOUISIANA  
 (VERNON PARISH WARD ONE COURT)  
 Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, governmental fund expenditures are classified by character.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the City Court may deposit funds within a bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City Court may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2019, the City Court had cash (book balances) totaling \$26,324 as follows:

	Governmental Activities	Fiduciary Funds	Total
Demand deposits	\$ 9,426	\$ 16,898	\$ 26,324

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, Leesville City Court's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) of \$46,930 at June 30, 2019 are fully secured by federal deposit insurance. The City Court does not have a policy for custodial credit risk.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

(3) Capital Assets

Capital asset balances and activity for the year ended June 30, 2019 is as follows:

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
Equipment	\$ 120,898	\$ -	\$ -	\$ 120,898
Less: Accumulated depreciation	(120,482)	(85)	-	(120,567)
Net capital assets	\$ 416	\$ (85)	\$ -	\$ 331

(4) Expenditures of the Leesville City Court paid by the City of Leesville

The City Court is located in the City of Leesville Public Safety Building. The City of Leesville, as required by statute, pays the cost of maintaining and operating the City Court facilities as well as certain other costs for the operation of the City Court. The expenditures related to the maintaining and operating of the City Court facilities are not included in the accompanying financial statements.

(5) On-behalf Payments

GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires the City Court to report in the financial statements on-behalf salary and fringe benefit payments made by the City of Leesville to the Judge and City Court employees. Supplementary salary payments are made by the City of Leesville to the Judge and City Court employees. The City Court is not legally responsible for these salary and benefit supplements. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the City of Leesville. For the fiscal year ended June 30, 2019, the City of Leesville paid \$24,600 in salary and benefit payments to the City Court Judge and City Court employees. These are reported in General Fund expenditures.

(6) Pension Plans

The City Court participates in one cost-sharing defined benefit plan, which is administered by a separate public employee retirement system. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by public employee retirement systems to the State Legislature.

Plan Description: Louisiana State Employees' Retirement System (LASERS) provides retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in the Louisiana Revised Statutes. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:441 and vary depending on the member's hire date, employer and job classification.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

LASERS' financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Benefits Provided:** The following provides a brief summary of eligibility and benefits of the plan and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**Retirement:** The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS' rank and file members may either retire with full benefits at any age upon completing 30 years of credible service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirement, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

**Deferred Benefits:** The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

**Disability Benefits:** All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

**Survivor Benefits:** Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

Permanent Benefit Increases/Cost-of-Living Adjustments: As fully described in Title 11 of the Louisiana Revised Statutes, LASERS allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by; the State Legislature.

Contributions: Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee. Contribution rates of employees and employers for the year ended June 30, 2019 were as follows:

Plan	Plan Status ORP	Employee Contribution Rate	Employer Contribution Rate
LASERS - Judges hired before 1/1/2011	Closed	11.5%	40.10%

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2019, the City Court reported a liability of \$66,017 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City Court’s proportion of the net pension liability was based on a projection of the City Court’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City Court’s proportion was 0.00109%, which was a decrease of 0.00012% from its proportion measured as of June 30, 2017. Since the measurement date of the net pension liability was June 30, 2018, the net pension liability is based upon fiduciary net position as of that date. Detailed information about the plan’s assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the City Court’s net pension liability is available in the separately issued plan financial reports for that fiscal year on the LASERS website as the following address: <http://www.lasersonline.org/>.

For the year ended June 30, 2019, the City Court recognized pension expense of \$10,425 which includes employer’s amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

Contributions – Proportionate Share: Differences between contributions remitted to the System and the employer’s proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the Schedule of Pension Amounts by Employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payment to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past period of service, less the amount of the pension plan's fiduciary net position.

A summary of actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2018																		
Actuarial Cost Method	Entry Age Normal																		
Actuarial Assumptions:																			
Expected Remaining Service Lives	3 years																		
Investment Rate of Return	7.65% per annum																		
Inflation Rate	2.75% per annum																		
Mortality Rates	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.																		
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2009-2013) experience study of the System's members.																		
Salary Increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:																		
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Member Type</th> <th style="text-align: center; border-bottom: 1px solid black;">Lower Range</th> <th style="text-align: center; border-bottom: 1px solid black;">Upper Range</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Regular</td> <td style="text-align: center;">3.8%</td> <td style="text-align: center;">12.8%</td> </tr> <tr> <td style="text-align: left;">Judges</td> <td style="text-align: center;">2.8%</td> <td style="text-align: center;">5.3%</td> </tr> <tr> <td style="text-align: left;">Corrections</td> <td style="text-align: center;">3.4%</td> <td style="text-align: center;">14.3%</td> </tr> <tr> <td style="text-align: left;">Hazardous Duty</td> <td style="text-align: center;">3.4%</td> <td style="text-align: center;">14.3%</td> </tr> <tr> <td style="text-align: left;">Wildlife</td> <td style="text-align: center;">3.4%</td> <td style="text-align: center;">14.3%</td> </tr> </tbody> </table>	Member Type	Lower Range	Upper Range	Regular	3.8%	12.8%	Judges	2.8%	5.3%	Corrections	3.4%	14.3%	Hazardous Duty	3.4%	14.3%	Wildlife	3.4%	14.3%
Member Type	Lower Range	Upper Range																	
Regular	3.8%	12.8%																	
Judges	2.8%	5.3%																	
Corrections	3.4%	14.3%																	
Hazardous Duty	3.4%	14.3%																	
Wildlife	3.4%	14.3%																	
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.																		

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Expected Long-Term Real Rate of Return
Cash	-0.48%
Domestic equity	4.31%
International equity	5.26%
Domestic Fixed Income	1.49%
International Fixed Income	2.23%
Alternative Investments	7.67%
Risk Parity	<u>4.96%</u>
Total	<u>5.40%</u>

**Discount Rate:** The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:** The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.65%) or one percentage-point higher (8.65%) than the current rate:

	1.0% Decrease 6.65%	Current Discount Rate 7.65%	1.0% Increase 8.65%
Employer's proportionate share of the net pension liability	\$ 83,318	\$ 66,017	\$ 51,117

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

At June 30, 2019, the City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 740
Changes of assumptions	672	-
Net difference between projected and actual earnings on pension plan investments	856	-
Change in proportion and differences between Employer contributions and proportionate share of contributions Employer contributions subsequent to the measurement date	11,231	5,760
	6,146	-
Total	\$ 18,905	\$ 6,500

Deferred outflows of resources related to pensions of \$6,146 resulting from City Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2020	\$ 9,447
2021	(1,333)
2022	(1,613)
2023	(242)
	\$ 6,259

Payables to Pension Plan: At June 30, 2019 the City Court has no payable due to LASERS.

(7) Employee Retirement

The City Court also has a Simple IRA Plan available to full-time employees through American Funds. Eligible employees may direct the City Court to contribute a percentage of the employee's compensation on a pre-tax basis to his or her Simple IRA. The employer must match pre-tax deferrals on a dollar-for-dollar basis up to 3% of compensation. There were no contributions made to this plan in the previous three fiscal years.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Basic Financial Statements (Continued)

(8) Changes in Agency Fund Balances

A summary of changes in agency fund due to litigants and unsettled deposits for the year ended June 30, 2019 follows:

	Civil Court Fund	Traffic Fund	Total
Balance, July 1, 2018	\$ 6,010	\$ 17,072	\$ 23,082
Additions	60,832	348,519	409,351
Reductions	(65,750)	(349,785)	(415,535)
Balance, June 30, 2019	\$ 1,092	\$ 15,806	\$ 16,898

(9) Risk Management

The City Court is exposed to risks of loss in the areas of general liability, property hazards, and workers' compensation. Those risks are handled by purchasing commercial insurance. The City Court is covered under the City of Leesville, Louisiana's insurance policies. There have been no significant reductions in insurance coverage during the current fiscal year, nor have settlements exceeded insurance coverage for the current or prior three fiscal years.

(10) Compensation, Benefits and Other Payments to Judge

A detail of compensation, benefits, and other payments made to Judge Elvin Fontenot for the year ended June 30, 2019 follows:

Purpose	Amount
Salary	\$ 13,643
Benefits - retirement	6,146
Reimbursements	1,062
Registration fees	825
On-behalf payments:	
City of Leesville - Salary	19,200
Total	\$ 40,876

(11) Deficit Fund Balance

The General Fund had a deficit fund balance at June 30, 2019 of \$3,908. This deficit will be eliminated by increasing revenues and/or reducing expenditures in future years.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Budgetary Comparison Schedule  
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Court costs and fees	\$ 640,000	\$ 326,600	\$ 322,200	\$ (4,400)
Total revenues	640,000	326,600	322,200	(4,400)
Expenditures:				
Current -				
Professional fees	15,000	18,300	17,409	891
Dues and seminars	4,500	1,600	1,561	39
Miscellaneous	21,500	8,615	16,356	(7,741)
Office supplies	9,500	7,900	7,048	852
Payroll taxes	18,000	17,548	15,032	2,516
Postage	900	1,575	1,501	74
Repairs & maintenance	-	-	5,720	(5,720)
Retirement	12,000	17,500	16,708	792
Salaries	225,000	226,852	221,366	5,486
Telephone	3,500	4,700	4,489	211
Uniforms	-	-	2,110	(2,110)
Total expenditures	309,900	304,590	309,300	(4,710)
Net change in fund balance	330,100	22,010	12,900	(9,110)
Fund balance (deficit), beginning	(16,808)	(16,808)	(16,808)	-
Fund balance (deficit), ending	\$ 313,292	\$ 5,202	\$ (3,908)	\$ (9,110)

The accompanying notes are an integral part of this schedule.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Schedule of Employer's Share of Net Pension Liability  
Louisiana State Employees' Retirement System  
For the Year Ended June 30, 2019 \*

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.00097%	\$ 66,017	\$ 23,436	281.7%	64.30%
2018	0.00109%	76,934	19,462	395.3%	62.50%
2017	0.00068%	53,005	21,167	250.4%	57.70%
2016	0.00083%	56,657	20,626	274.7%	62.70%
2015	0.00101%	62,904	18,099	347.6%	65.00%

\* The amounts presented have a measurement date of the previous fiscal year end.

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

The accompanying notes are an integral part of this schedule.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Schedule of Employer Contributions  
Louisiana State Employees' Retirement System  
For the Year Ended June 30, 2019

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2019	\$ 6,143	\$ 6,146	\$ (3)	\$ 15,320	40.12%
2018	9,398	9,398	(0)	23,436	40.10%
2017	7,396	7,381	15	19,462	37.93%
2016	8,065	8,072	(7)	21,167	38.13%
2015	8,560	8,560	(0)	20,626	41.50%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

The accompanying notes are an integral part of this schedule.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)  
Leesville, Louisiana

Notes to the Required Supplementary Information

(1) Retirement System

The Louisiana State Employees' Retirement System reported no changes of benefits terms for the year ended June 30, 2019.

Changes in Assumptions – Changes in assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. These assumptions include the rate of investment return, mortality of plan members, rate of salary increases, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

Amounts reported for the fiscal year ended June 30, 2019 for the pension plan reflect the following changes used to measure the total pension liability.

*					
Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
<b>Louisiana State Employees' Retirement System:</b>					
2019	7.65%	7.65%	2.75%	3	3.8-12.8%
2018	7.70%	7.70%	2.75%	3	3.8-12.8%
2017	7.75%	7.75%	3.00%	3	4.0-13.0%
2016	7.75%	7.75%	3.00%	3	4.0-13.0%
2015	7.75%	7.75%	3.00%	3	4.0-13.0%

\* The amounts presented have a measurement date of the previous fiscal year end.

(2) Budget Practices

A budget for the General Fund is prepared on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally prepared or as amended by the City Court. All budgetary appropriations lapse at the end of each fiscal year.

(3) Excess of Expenditures Over Appropriations

The General Fund incurred expenditures in excess of appropriations totaling \$4,710 for the year ended June 30, 2019.

**INTERNAL CONTROL,  
COMPLIANCE, AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Elvin Fontenot, City Judge  
City Court of Leesville, Louisiana  
(Vernon Parish Ward One Court)  
Leesville, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of Leesville, Louisiana (City Court) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City Court's basic financial statements, and have issued our report thereon dated December 19, 2019.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the City Court's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2019-001, 2019-002, 2019-003, and 2019-004 that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2019-005.

### **City Court of Leesville, Louisiana's Response to Findings**

The City Court's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The City Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
December 19, 2019

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2019

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2019-001 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: 2010

CONDITION: The City Court does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA: AU-C§265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City Court has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the City Court to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2019

2019-002      Inadequate Segregation of Duties

Fiscal year finding initially occurred: 2010

CONDITION: The City Court did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the City Court does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) record keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City Court determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2019

2019-003 Timekeeping System

Fiscal year finding initially occurred: 2019

CONDITION: During the year, employees were paid for overtime; however, the City Court did not have timesheets to support overtime worked.

CRITERIA: AU-C§315.05, *Communicating Internal Control Related Matters Identified in an Audit*, states, in part:

“A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A deficiency in design exists when:

- A control necessary to meet the control objective is missing, or
- An existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.”

CAUSE: The City Court does not require employees to utilize timesheets to evidence time worked.

EFFECT: Failure to utilize timesheets increases the risk of paying employees for time not actually worked which could constitute a prohibited donation of public funds and/or payment of a thing not due. The Louisiana Constitution, Article VII, Section 14 provides that funds, property, or things of value of the State or of any political subdivision, shall not be donated to any person. In addition, the Louisiana Civil Code provides for cases involving “payment of a thing not due.” Civil Code Article 2299 provides that “a person who has received a payment or a thing not owed to him/her is bound to restore it to the person from whom he/she received it.”

RECOMMENDATION: Management should implement a timekeeping system to support amounts paid to employees and ensure payments made to employees are for actual time worked.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City Court will evaluate controls over payroll and implement procedures to ensure evidence is maintained of time actually worked for all employees.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2019

2019-004      Distributions

Fiscal year finding initially occurred: 2019

CONDITION: Distributions of fines and costs to other agencies are not being made consistently.

CRITERIA: AU-C§315.05, *Communicating Internal Control Related Matters Identified in an Audit*, states, in part:

“A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A deficiency in design exists when:

- A control necessary to meet the control objective is missing, or
- An existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.”

CAUSE: The method of distributing fines and costs collected from offenders by the City Court is not being consistently applied.

EFFECT: Failure to consistently distribute fines and costs collected from offenders increases the risk of being in violation of state statute.

RECOMMENDATION: Management should implement procedures to ensure that all distributions of fines and costs collected from offenders are made consistently and in accordance with state statute.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City Court will evaluate controls over distributions of fines and costs collected from offenders and implement procedures to ensure distributions made are consistent in accordance with state statute.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2019

B. Compliance

2019-005 Budget Noncompliance

Fiscal year finding initially occurred: 2019

CONDITION: The City Court did not prepare a budget for the General Fund in the format prescribed by LA R.S. 39:1305.

CRITERIA: LA R.S. 39:1305 requires each political subdivision to prepare a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund showing the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information.

CAUSE: The City Court did not prepare the General Fund budget in the prescribed format and included Fiduciary Fund activity within the General Fund budget.

EFFECT: Failure to prepare the General Fund budget in the prescribed format and inclusion of Fiduciary Fund activity in the General Fund budget increases the risk that the City Court will be in violation of state law.

RECOMMENDATION: The City should implement control procedures to ensure that the General Fund Budget be prepared in accordance with the provisions of LA R.S. 39:1305.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The City Court will implement control procedures to ensure that the General Fund budget is prepared in accordance with the provisions of LA R.S. 39:305.

C. Management Letter

A management letter was issued related to deficit fund balance in the General Fund.

CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2019

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2018-001 Preparation of Financial Statements

CONDITION: The City Court does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

RECOMMENDATION: The City Court should hire competent staff capable of preparing and maintaining records in a manner to adequately assist in preparation of external financial statements and related disclosures. Management of the City Court should make a determination as to whether the cost of correcting the deficiency concerning the expertise of accounting personnel exceeds the expected benefit to be derived from doing such.

CURRENT STATUS: Unresolved. See item 2019-001.

2018-002 Inadequate Segregation of Duties

CONDITION: Due to few employees, Leesville City Court does not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) record keeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2019-002.

B. Compliance

2018-003 Late Filing of Payroll Tax Returns

CONDITION: During the year, Leesville City Court incurred payroll tax interest and penalties for the late filing of payroll tax returns.

RECOMMENDATION: The City Court should implement procedures to ensure that all payroll tax returns are filed timely.

CURRENT STATUS: Resolved.

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## MANAGEMENT LETTER

The Honorable Elvin Fontenot, City Judge  
City Court of Leesville, Louisiana  
(Vernon Parish Ward One Court)  
Leesville, Louisiana

We have completed our audit of the basic financial statements of the City Court of Leesville, Louisiana for the year ended June 30, 2019, and submit the following recommendations for your consideration:

- (1) Although the General Fund experienced a surplus of \$12,900 during the current year, the resulting ending fund balance remained a deficit of \$3,908. The Leesville City Court should continue to evaluate operations to determine methods to increase revenues and/or reduce expenditures in order to eliminate this deficit and operate at a surplus.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
December 19, 2019

**CITY COURT OF LEESVILLE, LOUISIANA  
(VERNON PARISH WARD ONE COURT)**

**Statewide Agreed-Upon Procedures Report**

Year Ended June 30, 2019

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Management of the City  
Court of Leesville, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City Court of Leesville, Louisiana (City Court) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The City Court's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

*Written policies and procedures were obtained and do not address monitoring and amending of the budget.*

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*Written policies and procedures were obtained and do not address how purchases are initiated, how vendors are added to the vendor list, the preparation and approval process of purchase requisitions and purchase orders, and documentation required to be maintained for all bids and price quotes.*

- c) **Disbursements**, including processing, reviewing, and approving  
*Written polices and procedures were obtained and do not address disbursements processing.*
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).  
*Written polices and procedures were obtained and do not address management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.*
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.  
*Written polices and procedures were obtained and do not address payroll processing.*
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process  
*Written polices and procedures were obtained and do not address types of services requiring written contracts, standard terms and conditions, legal review, or monitoring process.*
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)  
*Written polices and procedures were obtained and do not address allowable business uses or required approvers of statements.*
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers  
*Written polices and procedures were obtained and address the functions noted above.*
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.  
*Written polices and procedures were obtained and do not address a system to monitor possible ethics violations and a requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.*
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.  
*Written polices and procedures were obtained and do not address the functions noted above.*
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.  
*Written polices and procedures were obtained and do not address the functions noted above.*

### ***Board or Finance Committee***

**(The following procedures are not applicable to the Leesville City Court.)**

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

*Obtained listing of client bank accounts from management and management's representation that listing is complete.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*Obtained bank reconciliations and noted evidence that they were not prepared within two months of the related statement closing date.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*Bank reconciliations did not include evidence that management has reviewed each bank reconciliation.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*No outstanding items for more than 12 months from the statement closing date noted.*

***Collections (excluding EFTs)***

**(The following procedures are not applicable because there were no exceptions noted in year 1.)**

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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**(The following procedures are not applicable because there were no exceptions noted in year 1.)**

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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**(The following procedures are not applicable because there were no exceptions noted in year 2.)**

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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**(The following procedures are not applicable because there were no exceptions noted in year 1.)**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Contracts***

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**(The following procedures are not applicable because there were no exceptions noted in year 1.)**

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

## ***Payroll and Personnel***

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**(The following procedures are not applicable because there were no exceptions noted in year 1.)**

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

## ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:

*As an alternative selection process, obtained list of employees, and randomly selected a sample. The "Payroll and Personnel" test did not apply.*

  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Out of the five employees selected, two employees did not have documentation demonstrating the completion of the one hour ethics training during the fiscal period.*
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*Exceptions noted. No such documentation was available.*

***Debt Service***

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**(This following procedures are not applicable to the Leesville City Court.)**

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

***Other***

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**(The following procedures are not applicable because there were no exceptions noted in year 1.)**

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Management's Response:**

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*Management of the City Court of Leesville, Louisiana concurs with the exceptions and are working to address the deficiencies identified.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
December 19, 2019